

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 PM-04 H-02 L-03

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 9529

INFO AMEMBASSY LONDON

AMEMBASSY BERN

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EO 11652: NA

TAGS: EAIR, AU, UK

SUBJECT: CIVAIR: ALLEGED TWA INTEREST IN SWITCHING FROM ZURICH
TO LONDON

1. SUMMARY. FOREIGN MINISTRY HAS INFORMED EMBASSY
GOA WOULD NOT RPT NOT AGREE TO SWITCH OF INTERMEDIATE
STOP FROM ZURICH TO LONDON ON TWA'S NEW YORK-VIENNA
ROUTE, A CHANGE WHICH AUSTRIANS BELIEVE US CARRIER
IS CONTEMPLATING. END SUMMARY.

2. DENGLE (FOREIGN MINISTRY AVIATION EXPERT) CALLED
IN EMB. OFF. SEPTEMBER 3 TO DISCUSS US-AUSTRIAN
SCHEDULED AIR TRAFFIC. HE SAID GOA HAS LEARNED FROM
UK THAT IN UPCOMING US/UK AVIATION NEGOTIATIONS, US
PLANNED TO PROPOSE DESIGNATION OF TWO FOR NEW YORK-
LONDON-VIENNA ROUTING (ROUTE 2) WITH FULL FIFTH
FREEDOM RIGHTS. HE STATED THAT GOA DID NOT WANT
TO INTERFERE IN US/UK BILATERAL NEGOTIATIONS BUT
WANTED TO MAKE CLEAR IT COULD NOT AGREE TO SUCH A
ROUTING, AND THAT SHOULD USG INSIST, GOA WOULD BE
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COMPELLED TO RENOUNCE BILATERAL AIR AGREEMENT.

3. DENGLEER THEN DISCUSSED ECONOMICS OF SUCH A ROUTING WITH FULL FIFTH FREEDOM RIGHTS AT SOME LENGTH. HE SAID THAT AUSTRIAN-UK AIR AGREEMENT OF NOVEMBER 1975 HAD IN EFFECT DIVIDED LONDON-VIENNA MARKET BETWEEN AUA AND BEA AND THAT ADDITION OF A THIRD CARRIER ON THIS STRETCH WOULD MEAN LOSS OF SOME 24,000 PASSENGERS A YEAR FOR THE EUROPEAN COMPANIES AND COULD PUT THEM BOTH IN THE RED ON THAT ROUTE. DENGLEER ALSO NOTED THAT FULL EXERCISE OF FIFTH FREEDOM RIGHTS WOULD BE CONTRARY TO "GENTLEMEN'S AGREEMENT" (MEMORANDUM OF CONSULTATIONS) BETWEEN USG AND GOA OF MARCH 20, 1975.

4. EMB. OFF. (WHO HAD CHECKED WITH LOCAL TWA REP ZAMBELLO BEFORE MEETING) SAID THAT WHILE HE UNDERSTOOD POSSIBILITY OF DESIGNATING TWA FOR NEW YORK-LONDON-VIENNA ROUTING HAD BEEN CONSIDERED, HE KNEW OF NO CURRENT PLANS BY TWA TO REQUEST CHANGE OF INTERMEDIATE STOP ON EXISTING NEW YORK-VIENNA RUN. NOR DID EMB. OFF. KNOW OF ANY PLANS TO ASSERT FULL FIFTH FREEDOM RIGHTS ON CURRENT ROUTING. EMB. OFF. ADDED THAT SHOULD POSSIBILITY OF A NEW YORK-LONDON-VIENNA ROUTING BECOME A LIKLIHOOD AS RESULT OF US/UK TALKS, HE WOULD ASSUME AUSTRIANS WOULD NOT OBJECT TO CHANGE OF INTERMEDIATE STOP FROM ZURICH TO LONDON, IF TERMS OF "GENTLEMEN'S AGREEMENT" WERE MAINTAINED. DENGLEER REPLIED THAT THIS WAS NOT RPT NOT THE CASE AND THAT GOA WOULD NOT AGREE TO SWITCH OF INTERMEDIATE POINT TO LONDON IF ANY STOPOVER TRAFFIC ALLOWED. HE JUSTIFIED THIS STAND BY SAYING THAT WHILE STOPOVER TRAFFIC BETWEEN ZURICH (AND PREVIOUSLY GENEVA) AND VIENNA WAS LIGHT, IT WAS LIKELY TO BE CONSIDERABLE ON A NEW YORK-LONDON-VIENNA ROUTING. DENGLEER SAID AUA HAD IN FACT ESTIMATED THAT TWA MIGHT TAKE UP TO 3 PERCENT OF THE LONDON-VIENNA MARKET IF STOP-OVER TRAFFIC WERE PERMITTED.

5. DENGLEER SUMMED UP BY SAYING THAT VOGL OF AUSTRIAN CIVIL AVIATION HAD WRITTEN GARDNER (UK) THAT AT HIS DISCRETION, HE COULD PASS ON GOA VIEWS TO US NEGOTIATORS. AT SAME TIME DENGLEER HAD WANTED TO LIMITED OFFICIAL USE

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COMMUNICATE AUSTRIAN POSITION TO USG DIRECTLY. DENGLEER EXPRESSED HOPE THAT US WOULD NOT SEEK TO ASSERT FULLY ITS RIGHTS UNDER THE BILATERAL AGREEMENT SINCE THIS WOULD FORCE AUSTRIA TO RENOUNCE IT. HE OPINED THAT US/AUSTRIAN AVIATION RELATIONS WERE OPERATING SATISFACTORILY UNDER "GENTLEMEN'S AGREEMENT" AND "PROVISIONAL CHARTER UNDERSTANDING" AND HOPED THAT THEY WOULD BE ALLOWED TO CONTINUE ON THIS BASIS.

6. SUBSTANCE OF ABOVE PASSED ON TO ZAMBELLO OF TWA.

7. DENGLER ALSO REMARKED THAT IN GOA VIEW, TWA'S
"VERY LOW SHARE" OF NEW YORK-VIENNA TRAFFIC (ABOUT
18 PERCENT) WAS DUE TO POOR MARKETING EFFORT BY
US CARRIER RATHER THAN FROM ANY INNATE DISADVANTAGE
IN ITS FLIGHT ROUTING.

8. ACTION REQUESTED: EMBASSY WOULD APPRECIATE
INFORMATION ON LIKELY HANDLING OF ROUTE 2 DESIGNATION
QUESTION DURING FORTHCOMING US/UK AVIATION TALKS AND
ANY GUIDANCE FOR DISCUSSING THIS MATTER WITH AUSTRIANS. MEEHAN

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